

## Predictions: Bye-Bye Bernanke, Hello Who?

In the recent few years of its history, the [Federal Reserve System](#) has slowly become one of the most powerful aspects of American life. The Chairman of the Board of Governors of this organization, [Dr. Ben Bernanke](#), therefore, is a closely watched person.

The Chairman can serve a four-year term, with no limit to the number of re-appointments to the Board of Governors, and Dr. Bernanke will be finishing his second term on January 31, 2014. It is but natural, then, that discussions of his potential successor are becoming more strident. It would be interesting to speculate on this succession.

### Strong Candidates

The three strong contenders seem to be:

- Janet Yellen
- Robert Shiller
- Thomas M. Hoenig

[Janet Yellen](#) is the Federal Reserve's Vice Chairman and Dr. Bernanke's second in command and is considered by many to be the form favorite for the top position. She has impeccable credentials, having been the President of the San Francisco Fed, one of the 12 regional reserve banks. She is politically savvy with strong ties to the Democratic Party. She has been a strong supporter of Dr. Bernanke's efforts to revive the economy with a strong focus on unemployment, unlike the Fed's traditional fixation with inflation. If she rises to the top post, she will be the first woman leader in the central banking world among advanced countries other than Russia.

As one of the most respected economists in the world, [Robert J Shiller](#) is a Professor at Yale University and co-founder of the investment firm MacroMarkets LLC. He was one of the few who foresaw the housing and technology bubbles, unlike Alan Greenspan. Real estate is a critical part of the U.S. economy and Shiller is viewed by many as having an excellent understanding of this area. Therefore, by this reasoning, he is deemed the best person to judge the timing and speed of increasing the interest rates, which is due to happen in the future.

[Thomas Michael Hoenig](#) rounds off the list of strong probables. He is currently Director of the Federal Deposit Insurance Corporation and a former Chief executive of the Tenth District Federal Reserve Bank. He has been an outspoken critic of the philosophy of 'too big to fail' banks and recommended breaking up the biggest banks.

### Other Contenders

The second list of potential successors to Dr. Bernanke include the following

- Larry Summers

- Joseph E. Stiglitz
- Christina Romer
- Donald L Kohn

**Larry Summers** has impressive credentials, having been the U.S. Secretary of the Treasury, Chief Economist at the World Bank, President of Harvard University and currently President Obama's Director of the National economic Council. However, the massive financial losses incurred by Harvard University during his presidency are likely to be a major stumbling block to his aspirations.

**Joseph Stiglitz** is a famous economist and former Chief Economist at the World Bank. He is an outspoken critic of free-market economists and organizations like the International Monetary Fund and the World Bank.

An economics professor at the University of California in Berkeley and selected by President Obama to be the Chairperson of the Council of economic Advisors, **Christina Romer** is another well-known economist. She co-architected the recovery plan for the 2008 recession, with emphasis on strong job creation.

**Donald Kohn** is a highly experienced economist who was formerly the Vice Chairman of the **Federal Reserve System** and Secretary of the **Federal Open Market Committee**. He was one of Bernanke's trusted advisors. However, age could be against him.

### **Ben Bernanke to Continue**

The possibility that Dr. [Ben Bernanke](#) will continue cannot be totally ruled out. However, the current feeling after Greenspan's long tenure is that continuing with the same chairman for more than eight years is not in the best interests of the organization or the country. Then, on the other hand, better the devil you know than the devil you don't.

With the economy on the mend, the United States as well as the rest of the world will be following the selection of the next Chairman of the Federal Reserve System very closely. President Obama will need to consider all his options wisely before making his final choice.

Do you agree with our list of contenders? Is there someone else who'd make a better chairman? Share your comments below.